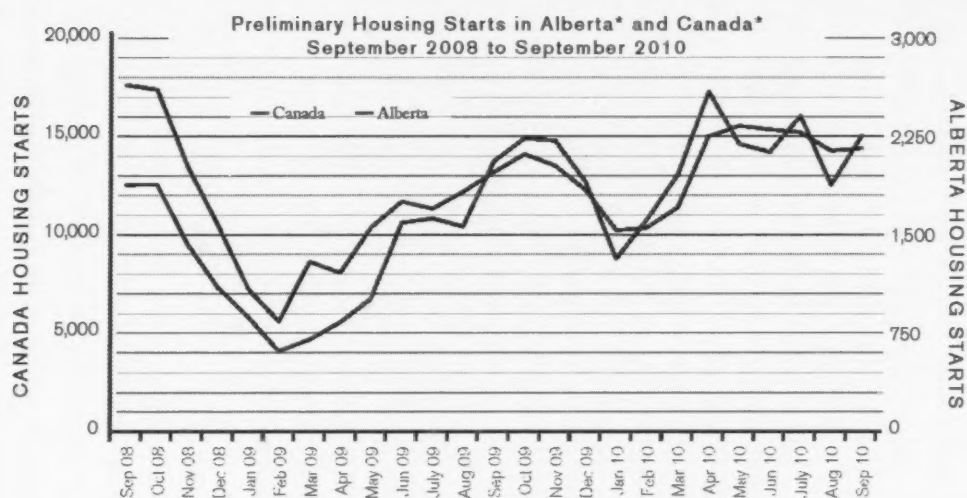


HOUSING BULLETIN MONTHLY REPORT

HOUSING STARTS SHOW SLIGHT IMPROVEMENT in SEPTEMBER



* Data reflects centres with a population of 10,000 and over.
Source: Canada Mortgage and Housing Corporation

- Canada's total preliminary housing starts for September 2010 were up 1 per cent over August 2010 and up 9.2 per cent over September 2009.
- Year-to-date, total starts are down for the fourth consecutive month in Canada. According to Canada Mortgage and Housing Corporation (CMHC), the decline in starts was due to a decrease in urban single starts in Atlantic Canada and Ontario.
- Alberta's September 2010 total preliminary housing starts rose 15.5 per cent over August 2010, and increased 9.2 per cent over September 2009.

ISSUE HIGHLIGHTS

Housing Starts
Preliminary starts data reveal annual and monthly increase.

Page 2

Migration
Interprovincial migration continues to rebound.

Page 5

Building Permits
Edmonton and Calgary see fall in value of building permits issued.

Page 6

Canada's house prices are stagnating. Despite record-low mortgage rates, stricter policies, new sales taxes, and interest rate hikes are calming the market.

(GLOBAL PROPERTY GUIDE)

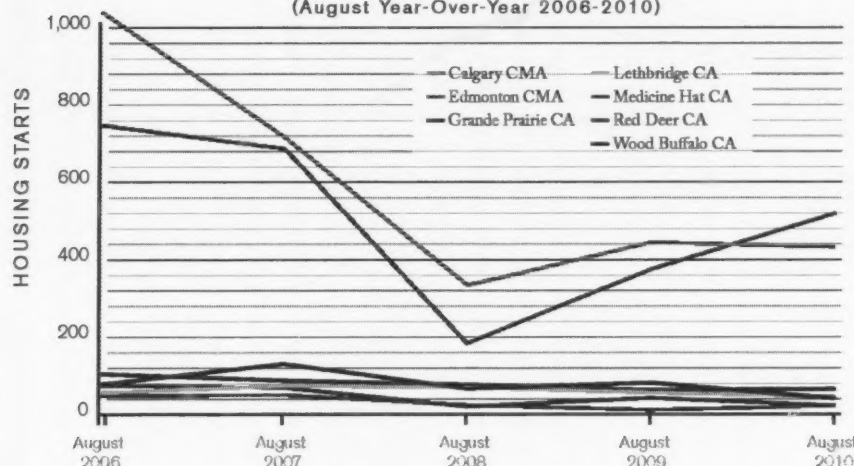
The housing market is likely to continue slowing in the second half of 2010. Average residential resale prices are projected to rise just 1.6 per cent in 2010, with gains in all provinces expected to moderate (CREA).

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EDMONTON'S SINGLE-DETACHED HOUSING CONSTRUCTION SURPASSES CALGARY'S

Actual Housing Starts - Single-Detached
(August Year-Over-Year 2006-2010)

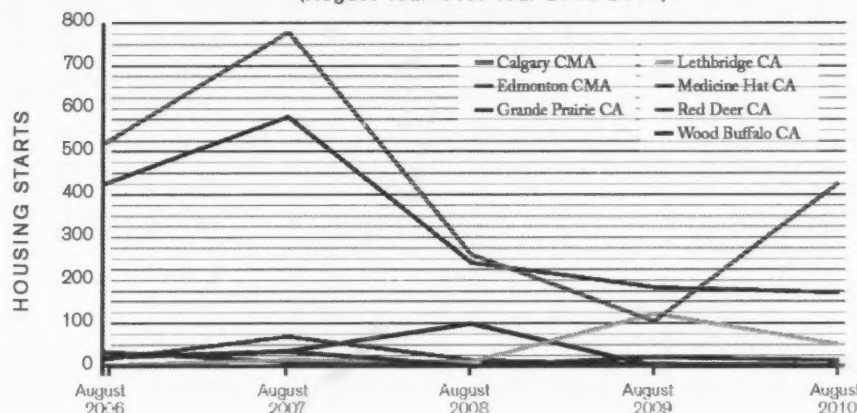


- Across Alberta, single-detached housing starts increased 7.1 per cent from August 2009 to August 2010.
- From August 2009 to August 2010, single-detached housing starts rose 38.4 per cent in Edmonton, but fell 2.7 per cent in Calgary. According to the Canadian Home Builders' Association Calgary Branch, a slowdown in the number of starts in the fourth quarter of 2010 is expected.
- Medicine Hat recorded the largest year-over-year increase in single-family starts from 12 new homes in August 2009 to 23 in August 2010, an increase of 91.7 per cent.

Source: Canada Mortgage and Housing Corporation

MULTI-FAMILY CONSTRUCTION TAKES OFF in CALGARY

Actual Housing Starts - Multi-Family Dwellings
(August Year-Over-Year 2006-2010)



- Construction of multi-family dwellings in Alberta's seven major centres increased by 53.1 per cent from August 2009 to August 2010. According to Canada Mortgage and Housing Corporation, despite apartment inventories at elevated levels, the pace of apartment production remained brisk.
- Calgary set the pace for multi-family housing starts in August 2010, with an increase of 309.6 per cent from 104 starts in August 2009 to 426 starts in August 2010. This elevated pace is not expected to continue as apartment inventories have risen to record levels.
- Year-over-year declines in multi-family starts were recorded in Edmonton (-6.6 per cent), Grande Prairie (-50 per cent), Lethbridge (-58.2 per cent) and Red Deer (-35 per cent) in August 2010.

Source: Canada Mortgage and Housing Corporation

The drastic year-over-year improvements in 2010 are skewed by weak activity in 2009. The starts that we're seeing now represent a more a normal market situation. (CANADIAN HOME BUILDERS' ASSOCIATION).

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EDMONTON RESALE PRICES REMAIN STABLE

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF SEPTEMBER

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year-to- Date Sales to Listings Ratio
	Single- Family Dwelling	Condominium	Duplex / Rowhouse					
Sep 06	\$320,543	\$213,816	\$282,721	21	2,009	1,885	93	93
Sep 07	\$402,379	\$273,296	\$318,864	43	1,365	1,057	77	60
Sep 08	\$362,207	\$252,813	\$318,706	62	1,202	1,633	135	47
Sep 09	\$367,645	\$244,274	\$294,203	51	1,538	1,674	108	64
Sep 10	\$370,654	\$238,822	\$313,462	57	2,668	1,187	44	47

Source: Realtors' Association of Edmonton

- The average price of a single-family dwelling in Edmonton increased 0.8 per cent from September 2009 to September 2010. Over the same period, the average price of condominiums fell 2.2 per cent and increased 6.5 per cent for a duplex or rowhouse.
- Listings in September 2010 were up 73.5 per cent over September 2009, and sales were down 29.1 per cent.
- An Edmonton home sat on the resale market for 57 days, nearly one week longer than one year prior.

CALGARY AVERAGE RESALE PRICES HOLDING STEADY

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY IN THE MONTH OF SEPTEMBER

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
Sep 07	\$470,888	5,562	3,106	1,064	40	\$321,614	2,235	1,315	483	41
Sep 08	\$444,048	5,387	2,631	1,152	51	\$287,426	2,659	1,186	465	54
Sep 09	\$459,085	3,148	1,857	1,257	40	\$290,253	1,515	940	580	43
Sep 10	\$460,278	4,880	2,252	958	52	\$284,028	2,204	921	366	57

- The average resale price of a condominium in September 2010 (\$284,028) was 2.1 per cent lower than the September 2009 average (\$290,253), and 11.7 per cent lower than 2007 levels (\$321,614).
- According to the Calgary Real Estate Board, one reason for the drop in condominium resale pricing may be the sheer number of condominiums being placed on the market. Condominium inventory in Calgary was up 45.5 per cent over September 2009.

Source: Calgary Real Estate Board

- The number of single-family homes sold in Calgary in September 2010 fell 23.8 per cent compared to September 2009, and prices remained relatively stable with an increase of only 0.3 per cent.
- New listings for single-family homes increased 21.3 per cent from September 2009 to September 2010.
- Condominium sales fell by 36.9 per cent from September 2009 to September 2010.

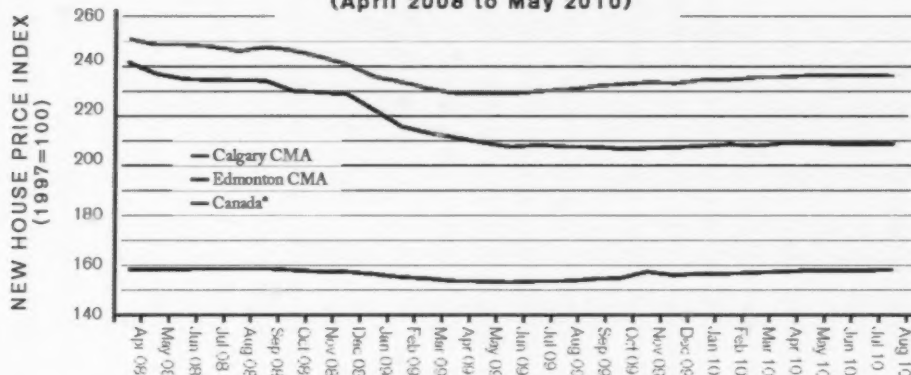
After the turmoil of the past couple of years and the rush to buy in the early part of the year, it seems consumers are sitting back and waiting to see what comes up next (REALTORS ASSOCIATION OF EDMONTON).

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SELLING PRICE for NEW HOMES ACROSS CANADA REMAINS STEADY

New House Price Index (NHPI)
(April 2008 to May 2010)



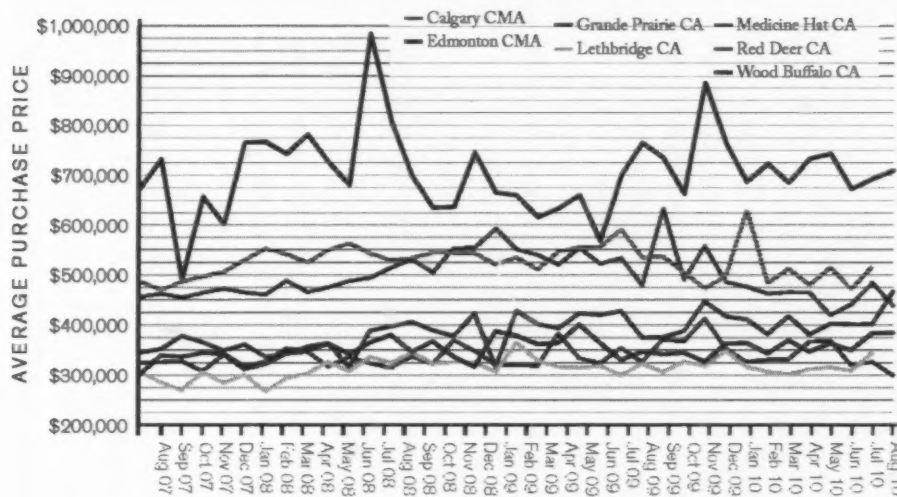
- The New Housing Price Index (NHPI) measures changes over time in contractors' selling price of newly built homes.
- Overall across Canada, new house prices remained even from July 2010 to August 2010 and increased 2.9 per cent from August 2009 to August 2010. According to CanaData, in the months ahead the NHPI will serve as a valuable indicator of where overall housing markets are headed.
- Both Edmonton and Calgary registered year-over-year increases of 0.5 per cent and 2.4 per cent, respectively. For the past three months the NHPI in Edmonton and Calgary has remained stable.
- The consensus of analysts is that residential real estate is in line for a correction through the end of 2010 and probably most of 2011.

* Total value including house and land.

Source: Statistics Canada

NEW HOME PURCHASE PRICES in ALBERTA DOWN in MOST AREAS

Average Price of Absorbed Newly Built
Single-detached Units
(August 2007 to August 2010)



- Canada Mortgage and Housing Corporation (CMHC) measures the average price when a home is purchased and is reflective of market prices at the time of sale. The average purchase price of a newly constructed home in Alberta follows a similar trend to the national NHPI.
- On an annual basis, the price of a newly completed and absorbed home fell in Edmonton (-9 per cent), Calgary (-10 per cent), Medicine Hat (-8 per cent) and Wood Buffalo (-7 per cent).
- On the other hand, the purchase price for newly constructed homes rose year-over-year in Grande Prairie (11 per cent), and Lethbridge (5 per cent). The largest increase in the price of a newly constructed home was in Red Deer where prices rose 25 per cent from \$374,987 in August 2009 to \$467,205 in August 2010.

Source: Canada Mortgage and Housing Corporation

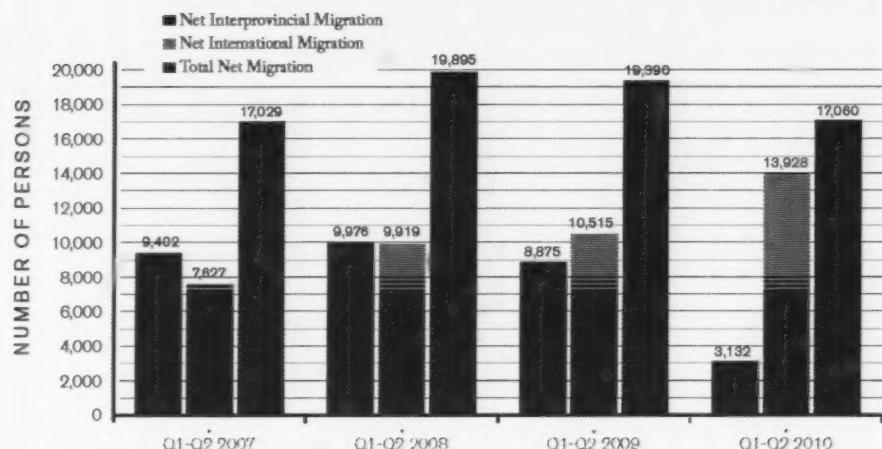
HOUSING CORPORATION) Resale activity has moderated in 2010 from the heightened pace experienced near the end of last year (CANADA MORTGAGE AND HOUSING CORPORATION). Resale activity has moderated

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ALBERTA'S POPULATION GROWTH FUELLED by NEWCOMERS FROM OTHER COUNTRIES

Migration Trends in Alberta:
Annual First and Second Quarter* Analysis, 2007 to 2010



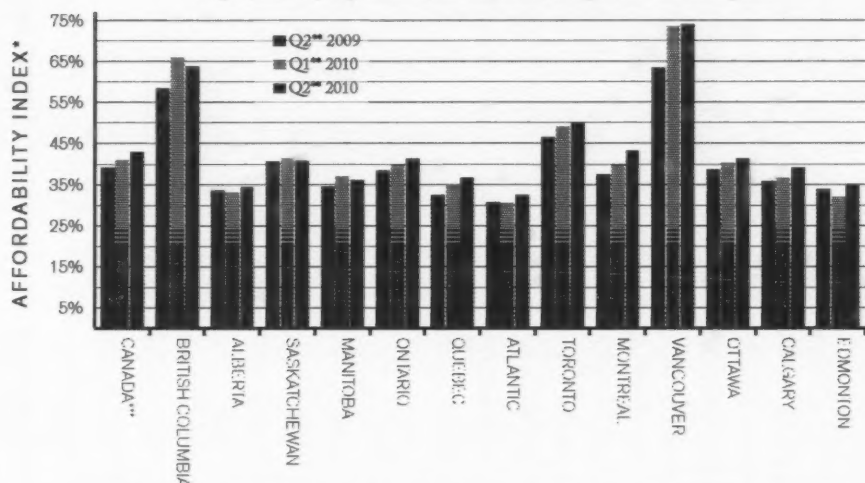
*Q1 = January to March; Q2 = April to June.
Source: Alberta Finance and Enterprise.

- Total net migration to Alberta in the first two quarters (Q1* and Q2*) of 2010 was down 14 per cent when compared to Q1 and Q2 2008, and 12 per cent compared to the same period in 2009.
- Interprovincial migration to Alberta was down 65 per cent during the first six months of 2010 compared to the first half of 2009. Alternatively, international migration increased 32 per cent in the first half of 2010 than compared to the same period in 2009.
- Alberta's total net migration is typically drawn more from interprovincial than international sources. A new trend emerged in 2009 where international migration to Alberta began to outpace interprovincial migration. This trend has magnified in 2010, which has seen over four times as many newcomers to Alberta from other countries than from other provinces.

ALBERTA HOME OWNERSHIP AFFORDABILITY DETERIORATED in Q2 2010

RBC Affordability Index*

*Proportion of Regional Pre-tax Median Household Income Required to Service Mortgage Payments, Property Taxes and Utilities for a Single-detached Bungalow



* Proportion of regional pre-tax median household income required to service mortgage payments, property taxes and utilities for a single-detached bungalow.

** Q1 = January to March; Q2 = April to June; Q3 = July to September; Q4 = October to December.

*** Population weighted average.

Source: Royal Bank of Canada Economics Research

- In Q2 2010, owning a single-detached bungalow in Canada consumed approximately 43.6 per cent of net household income.
- The share of household income taken up by the costs associated with owning a single-detached bungalow in Alberta has increased slightly year-over-year from Q2 2009 (33.5 per cent) to Q2 2010 (34.3 per cent).
- Compared to other select Canadian major centres, home ownership remains more affordable in Edmonton (34.7 per cent) and Calgary (39.2 per cent) than in Montréal (43.2 per cent), Ottawa (41.2 per cent) and Vancouver (74.0 per cent).
- The proportion of net household income required to maintain a single-detached bungalow in Calgary rose 9.8 per cent from Q2 2009 to Q2 2010. Year-over-year, the share of income needed in Edmonton rose 2.7 per cent.

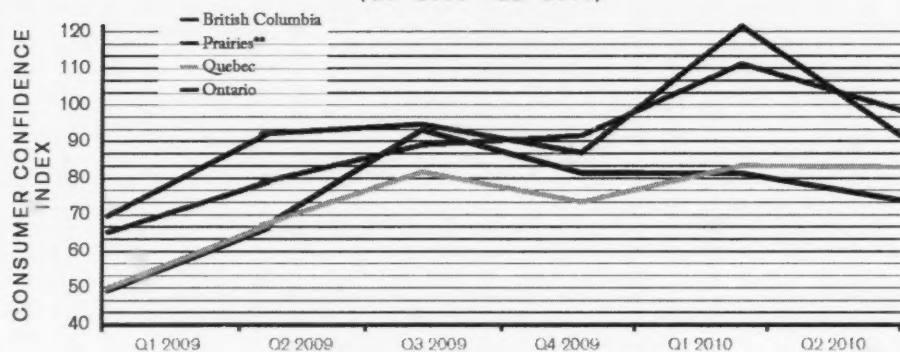
RBC ECONOMICS) The cost of owning a home is increasing in markets across Canada, putting homeowners under more pressure as their mortgage rates rise (RBC ECONOMICS). The cost of owning

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CONSUMER CONFIDENCE WEAKENS ACROSS the COUNTRY

Consumer Confidence Index
(Q1* 2009 = Q2* 2010)



- Canada Mortgage and Housing Corporation tracks the consumer confidence index for select provinces and on an regional basis for the Prairies** and Atlantic Provinces.
- In the first two quarters of 2010, consumer confidence in the Prairies surpassed 2009 levels, reaching 111.2 in Q1 2010, and falling slightly to 98.5 in Q2 2010. These Prairie results are higher than Quebec, Ontario, and British Columbia.

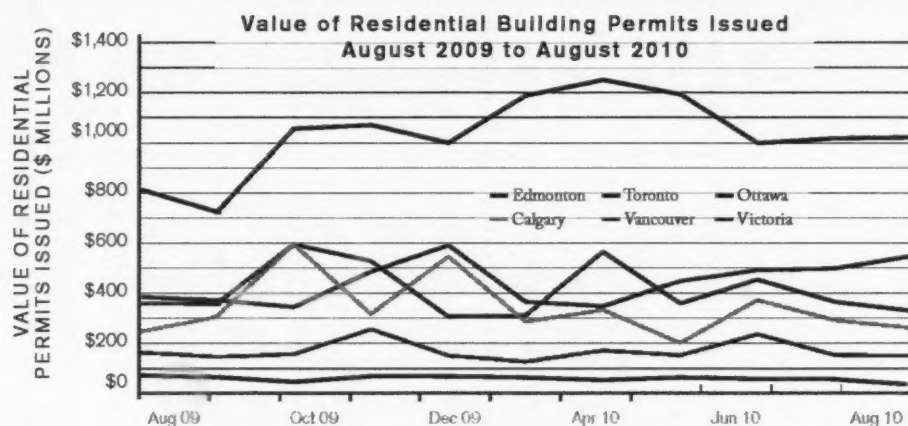
- According to the most recent consumer confidence survey completed by Royal Bank of Canada, the confidence of Canadians in their economic well being has been shaken by increasing uncertainty in the global economy and a slumping domestic recovery. Albertans however, continue to see the economic glass as half full, with two in three (67 per cent) rating the current national economy as good.

*Q1 = January to March; Q2 = April to June; Q3 = July to September; Q4 = October to December.

**The Prairies include Alberta, Saskatchewan and Manitoba.

Source: Canada Mortgage and Housing Corporation

DIP in BUILDING PERMITS FORESHADOWS DROP in HOUSING STARTS



- Residential permits issued in Alberta in August 2010 totalled \$481.2 million, a decrease of 15.9 per cent over August 2009. From July 2010 to August 2010, the value of residential permits issued in Alberta fell 20.6 per cent.
- The total value of Edmonton residential building permits fell 8.6 per cent year-over-year from August 2009 to August 2010, and fell 9.9 per cent from July to August 2010.
- The Calgary Census Metropolitan Area issued residential building permits worth \$260.6 million in August 2010, a 5.3 per cent increase from August 2009 and 10.7 per cent decrease over July 2010.

- Vancouver experienced the largest jump in residential building permits, with a year-over-year increase of 42.3 per cent in the total value of permits issued, followed by Toronto (25.8 per cent). According to Statistics Canada, the increase in Vancouver was driven by higher construction intentions for multi-family dwellings.

Source: Statistics Canada

BMO CAPITAL MARKETS Building permits are likely to decline further as the housing market cools and governments end stimulus spending (BMO CAPITAL MARKETS). Building permits are likely to decline

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